

## **REMARKS**

### **Claim Objections**

Applicant has cancelled claims 44 and 45, both the first and second instances.

### **112 Rejections**

Applicant has cancelled claims 36 and 39-48.

### **101 Rejections**

Applicant has cancelled claims 39-48.

### **103 Rejections**

The Office Action rejected each of claims 14-19, 25, 27, 28 and 39-48 as obvious over Li in view of Buer. Applicant has cancelled claims 39-48. Applicant has amended independent claim 14 to require the limitation in original claim 22 that the second value be an application transaction counter value. Applicant has cancelled claim 22 (which was rolled into claim 14) and other dependent claims that require that the second value be something other than an application transaction counter value.

With respect to the application transaction counter value, as an initial matter, while application transaction counters do exist within the industry, Applicant is unaware of any applications wherein such transaction counters are used to generate a verification value. Instead, known transaction counters are used for encryption and decryption purposes and there is no verification value generation.

In addition, application transaction counters have at least one important advantage over other types of transaction data when dealing with fraud. First, where

transaction time is used to generate a dynamic digital certificate as in Li, there is no way for a service provider (e.g., an entity that authorizes transactions) to independently generate the time at which a transaction has occurred and therefore either the transaction time has to be provided to the service provider in a communication from a transaction device or some other process has to be performed by the service provider to compensate for a shift in time between a transaction and the time when the provider receives transaction data and can generate a separate digital certificate for comparison (see the end of Li's paragraph 0024 that discusses a rather cumbersome time compensation routine). Even using Li's time compensation system it is unlikely that the system would be very accurate (Li teaches compensating for minutes in time difference and assumes that the time delays associated with consecutive transaction activities will be identical which is a highly unlikely assumption).

In contrast, an application transaction counter value is precisely identifiable and can be completely independently generated by a service provider.

Other types of transaction specific information have the same shortcoming as transaction time – other transaction specific information such as amount of transaction, merchant participating in the transaction, etc. has to be provided to the service provider and cannot be independently developed by the service provider.

In the event that the Examiner maintains the rejection, Applicant requests that the Examiner identify a reference that clearly teaches a transaction counter used to generate a verification value.

For at least the above reason Applicant believes claim 14 and claims that depend there from are patentable over the cited references and requests that the rejection be withdrawn.

Applicant hereby petitions for any extension of time which may be required to maintain the pendency of this case, and any required fee, except for the Issue Fee, may be charged to Deposit Account No. 17-0055.


Serial No.: 10/642,878  
Applicant(s): Jagdeep Singh Sahota, et al.  
Office Action Response  
Page 7

In the event that the Examiner finds any remaining impediment to a prompt allowance of this application which could be clarified by a telephonic interview, the Examiner is respectfully requested to contact the undersigned attorney at the telephone number listed below.

Respectfully submitted,

QUARLES & BRADY LLP

Date: May 12, 2008

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